REDACTED

Rick Medlin/HQ/FOTL

10/01/2006 11:38 AM

To Andy Apald

cc

Subject options

Dear Andy,

While Russell disputes any obligation for a long term commitment to Premium, we are prepared to offer your organization one of the following options to transition out of the Russell business:

1. Run at the current volume (48,000 dz/wk) at the price of $1 80 per dozen through December 31, 2006.
2 Effective November 6, 2006 reduce volume to 20,000 dz/wk through June 29, 2007. Price would remain at $1 80 per dozen.
3. Effective November 6, 2006 reduce price per dozen to $1.10 and reduce volume to 20,000 dz/wk through December 31, 2007.

Any of the options listed would require a signed agreement binding Premium to produce product to Russell's quality and deliver specifications and releasing Russell of any obligations beyond such agreement. Premium would be permitted to reduce/replace Russell production volume with other customers at any time with four weeks notification to Russell.

I will need to have your answer by October 6, 2006 Otherwise we will revert to Option 1.